Wall Financial Corporation

2003 ANNUAL REPORT

Wall Financial Corporation was formed as a public company in 1969. The Company is focused on the development, acquisition and management of residential income producing properties, the development and sale of single and multi-family housing and the development and management of hotel properties. Over 95% of the Company's activities are concentrated in Greater Vancouver.

5 Year Comparison

Years ended January 31

	2003	2002	2001	2000	1999
Income Statement					
Revenue and other income	77,326,484	$95,179,836	$86,379,288	$101,897,120	$72,577,752
Cost of sales and expenses	71,424,763	89,870,832	80,862,581	105,463,255	64,552,001
Earnings before income taxes	5,901,721	5,309,004	5,516,707	(3,566,135)	8,025,751
Net earnings	2,958,489	3,012,730	4,548,390	(5,339,803)	7,545,742
Earnings per share	$0.09	$0.09	$0.14	($0.16)	$0.22
Earnings before depreciation, interest & income taxes	20,348,606	17,988,927	14,769,260	5,636,463	18,002,545
Per share	$0.62	$0.55	$0.45	$0.17	$0.54
Balance Sheet					
Total Assets	334,357,902	$273,284,051	$264,347,976	$243,990,817	$207,010,059
Rental Apartments	44,082,440	49,752,870	49,235,676	30,041,205	27,265,362
Hotel	136,681,620	139,481,104	81,658,063	82,254,054	83,169,263
Properties held for and under development	136,820,354	70,508,725	116,510,473	101,746,819	63,882,867
Fixed rate debt	130,943,143	140,665,102	132,986,436	107,573,268	103,311,451
Floating rate debt	131,100,411	63,297,597	61,861,748	64,344,864	30,993,197
Shareholder's Equity					
Book value	45,764,249	$43,004,332	$46,819,521	$42,794,840	$50,172,957
Book value market price per share	$1.40	$1.32	$1.42	$1.28	$1.50
Common share market price					
High	$3.90	$4.00	$3.60	$3.20	$3.50
Low	$2.85	$2.58	$2.40	$2.75	$2.50
Dividends paid	0	$5,756,694	0	$1,692,331	$3,395,137
Dividends paid per share	0	$0.175	0	$0.05	$0.10
Operations					
Number of rental units	**1,478**	**1,528**	**1,528**	**1,346**	**1,346**
Number of hotel rooms	**865**	**865**	**557**	**557**	**557**

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President's Report

Attached hereto are the financial statements for the Company for the year ended January 31, 2003 together with the Management Discussion and Analysis of the Company's activities. The Company's operations resulted in a net profit of $2,958,489 or $0.09 per share.

Highlights for the fourth quarter of operations include the following:

- Completed on the bulk sale of a 30 acre single family subdivision property in Surrey

- Purchased a development site at Granville & Dunsmuir in downtown Vancouver in conjunction with a 50% joint- venture partner. This property has approvals in place for 423 residential units and approx. 90,000 s.f. of retail/commercial space

- Filed the Preliminary Development Permit application for our 2.2 acre Yaletown property. Subsequent to year-end, we received the P.D.P. and are now proceeding with the complete D.P. application for approx. 570,000 s.f. of residential space in 3 towers.

- Hotel revenue increased for the year by 8.8% and gross margins increased by 4.1%

- Rental apartment gross margins continued their upward trend

Under the normal course issuer bid, which commenced September 9, 2002, the Company acquired 60,300 shares at an average price of $3.17

The residential condominium market in greater Vancouver continues to improve. We are marketing two projects: The 76 unit "Muirfield Gardens" in South Surrey which is 47% sold; completion and occupancy is scheduled for September, 2003. The 456 unit "Electric Avenue" project in downtown Vancouver where we commenced with sales in late May 2003 and are approximately 35% sold. This project will complete in mid 2005.

The strength of the condominium market over the past 6 months has resulted in a slight downturn in the rental market as tenants move into ownership to take advantage of low interest rates and developer incentives. While we achieved better than anticipated increases in revenue and gross margins this past year, we expect 2004 to be relatively flat in comparison.

Hotel operations rebounded in the past year from the downturn in bookings post 9/11 resulting in increased revenues and operating income. Our budget for this fiscal year originally anticipated an 8% increase in revenue and a 9% increase in gross margins. With the war in Iraq and the SARS outbreak, we are revising our forecast to no increases in revenue or operating income. Asian tourist travel remains weak although, as of this report, we have been able to retain the majority of our booked convention and group business.

Subsequent to year end, on March 14, 2003, the Company paid a dividend of $0.10 per share. On February 3, 2003, the Company completed on the sale of the 430 unit Metropolitan Towers project; the gain on the sale will be recorded in our first quarter ending April 30, 2003.

Bruno Wall, President

May 30, 2003

Management Discussion & Analysis

Wall Financial Corporation is a B.C. based publicly owned real estate company founded in 1969.

Over 95% of the Company's revenue is generated from assets which are situated in the Greater Vancouver area of British Columbia. The Company's activities are concentrated as follows: development and management of residential rental units; development and construction of residential housing for re-sale and development and management of hotel properties.

2003 OPERATING RESULTS

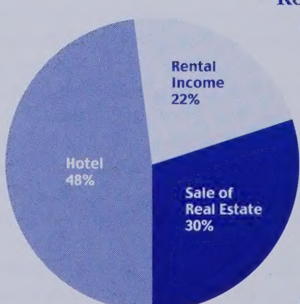
Net earnings for the twelve months ended January 31, 2003 were $2,958,489 or $0.09 per share compared with $3,012,730 or $0.09 per share at January 31, 2002.

Gross revenue decreased by 19% or $17,998,835 while gross margins increased by 8% or $1,663,527 compared to the previous year primarily due to sales of properties under development. The decrease in gross revenue was partially offset by an increase of 8.8% or $2,968,525 in hotel revenues and a 1.3% increase in rental apartment revenues.

General and administrative costs decreased in total by 18.3% or $548,968; Executive Compensation was reduced by 19% or $258,358. The 100% incentive based compensation policy for senior management remains in place, i.e., 20% of pre-tax income, excluding capital gains on revenue properties owned prior to February, 1997.

Depreciation and interest as a percentage of gross operating revenues was 18.9% in 2003 as compared to 13.4% in 2002. Depreciation and interest expenses are higher than last year due to the expanded Sheraton Wall Centre Hotel and less interest capitalized to properties under development. Depreciation expense will decrease as furniture, fixtures and equipment are depreciated using the declining balance method at rates ranging from 15% to 50%, except for leasehold improvements, which are amortized using the straight-line method over 5 to 10 years. The increase in interest expense was offset by a decrease in the weighted average interest rate from 7.04% in 2002 to 6.51% in 2003 for mortgages on revenue-producing properties.

Rental Apartments. Gross operating margins increased by $757,857 or 8.3% as operating costs were reduced by $547,545 or 7.3%. On a comparitive basis, gross revenue for rental apartments, excluding David's Court, increased by $576,792 or 3.8%. Lower heating costs and lower repair and maintenance expenses contributed to the overall reduction in operating costs. The Company sold two revenue-producing properties in Vancouver: the 50 unit David's Court rental apartment building sold for $5,670,000 or $113,400 per suite and a retail space at 1095 Hornby sold for $307,500. The sale of David's Court and the retail space resulted in a net gain of $512,541.



Revenue Source

Vacancy rates in urban Vancouver remain at or below 1% while in suburban markets the rate is approximately 2.5%.

Hotels. Gross operating margins increased by $385,117 or 4.1% primarily as a result of revenue growth at The Sheraton Wall Centre. The Sheraton's operating revenues increased by $2,992,266 or 10.3% more than the previous year. The Comfort Inn property in Richmond suffered a slight decline in both gross operating revenues and gross operating margin. Management anticipates that with the resolution of the war in Iraq and the containment of SARS in Canada, both hotels should be able to recover in time for the 2003 summer tourist season.

Development properties. Gross revenues from the sale of real estate units decreased by $21,180,983 due to reduced condominium inventory levels. Gross margins increased by $636,072 or 28% as a result of higher sales prices and a general strengthening of the market. The South Surrey subdivision project and all units at the Dockside project were sold as of January 31, 2003. Subsequent to year-end, the Company sold Metropolitan Towers, a 430 unit residential project to an institutional investor for proceeds of approximately $76,396,000.

Investments. The Company's investment portfolio is inactive with a primary focus on recovering losses from previous years through litigation.

FIXED RATE DEBT

Mortgages on revenue producing properties declined by $9,721,959 primarily due to the sale of David's Court Apartments and favorable early renewal financing at the Comfort Inn Hotel. In October, 2002, the Sheraton Wall Centre Hotel financing was restructured with all debt now on a demand floating rate basis.

The schedule of fixed rate debt illustrates our current refinancing requirements over the next five years. All fixed term debt obligations are in good standing and the security provided in respect of these debt obligations is typical of the industry.

Schedule of Fixed Term Debt

DUE DATE	AMOUNT
2004	83,093,078
2005	1,134,643
2006	9,225,721
2007	4,666,827
2008	1,317,702
Thereafter	31,505,172
Total	130,943,143

6.51% weighted average interest rate

FLOATING DEBT RATE

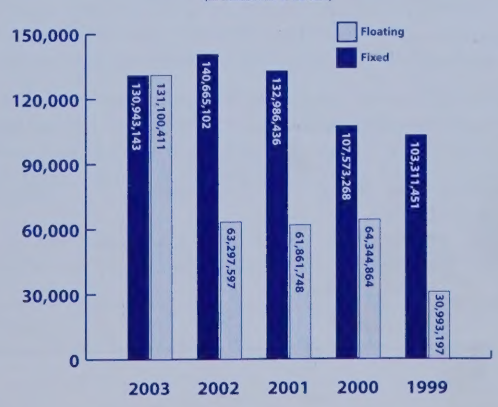
Floating rate debt consists of two components:

1. Bank lines of credit or demand loans secured by revenue producing properties. As of January 31, 2003, the Company has $12,224,118 available in its credit facilities. Most of the Company's bank lines of credit have been in place for many years. Interest rates are based on prime lending rates, Banker Acceptance rates and LIBOR Loans. Debt is managed by fixing rates for periods of up to a year through interest rate swaps.
2. Committed term construction loans, which are available on a progress draw basis. These loans are secured by properties under development and interest rates are prime based or Banker Acceptance rates.

All floating rate debt obligations are in good standing.

The Company maintains excellent relations with six Canadian banks.

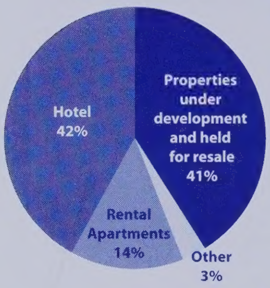
Fixed vs. Floating Debt
(in thousands of dollars)



ASSET REVIEW

The Company's portfolio of rental apartments decreased from 1,528 units to 1,478 units with the sale of David's Court Apartments and further dispositions of rental units are expected in fiscal 2004. The hotel portfolio remained stable at 865 rooms after the previous years' 308 room expansion at the Sheraton Wall Centre. The net change in properties held for and under development was an increase of $66,311,629.

Asset Mix



REVENUE PROPERTIES

There were no acquisitions of rental properties for the year ended January 31, 2003.

The residential units are leased primarily for a one-year term and all leasing arrangements are governed by the British Columbia Residential Tenancy Act. Rental rates may be increased on tenant turnover or on the anniversary date of each tenant's date of occupancy. The average turnover rate for all of the Company's units is approximately 60% annually. Properties are regularly upgraded to ensure that we achieve top rental rates. Upon acquisition, older properties are completely renovated.

As per the schedule below, all but two of the properties are 100% owned.

Portfolio of Rental Properties (as of January 31, 2003)

Property Name and Address	Year Built or Acquired	No. of Units	Percentage of Ownership
Amber Lodge, 1045 West 14th Avenue, Vancouver, B.C.	1972	50	100
Ambleside Tower, 1552 Esquimalt Avenue, West Vancouver, B.C.	1970	185	100
Beaconhill, 125 West Keith Road, North Vancouver, B.C.	1969	98	100
Blenheim Terrace, 3333 West 4th Avenue, Vancouver, B.C.	2000	25 (50)	50
Greenwood Gardens, 14831 – 104th Avenue, Surrey, B.C.	1972	183	100
Jody Apartments, 941 West 13th Avenue, Vancouver, B.C.	2001	38	100
Maple Place, 10611 – 10675 150th Street, Surrey, B.C.	1973	250	100
Pacific Park, 9450 – 9480 128th Street, Surrey, B.C.	1974	288	100
Point Grey, 2474 Point Grey Road, Vancouver, BC	1990	4	100
Seafair, 3851 Francis Road, Richmond, B.C.	1969	78	100
Shannon Mews, 7131 Granville Street, Vancouver, B.C.	1976	161	100
Vista Del Mar, 145 West Keith Road, North Vancouver, B.C.	1967	83 (119)	70
Yorkshire, 2336 York Avenue, Vancouver, B.C.	1970	35	100
		1,478	

HOTELS

The Vancouver Airport Comfort Inn is located near the Vancouver Airport and consists of 129 guestrooms, a 252 seat pub and a beer and wine store for offsales. Occupancy for 2002 was 49% with an ADR of $76.46. Adjacent to the hotel property is a 3.2 acre site currently operated by the hotel as a surface parking lot. The entire property is rezoned and a development permit issued authorizing the development of an additional 400 room hotel with 25,000 square feet of meeting space. At this time, due to over supply in the airport market, we do not intend to commence with construction.

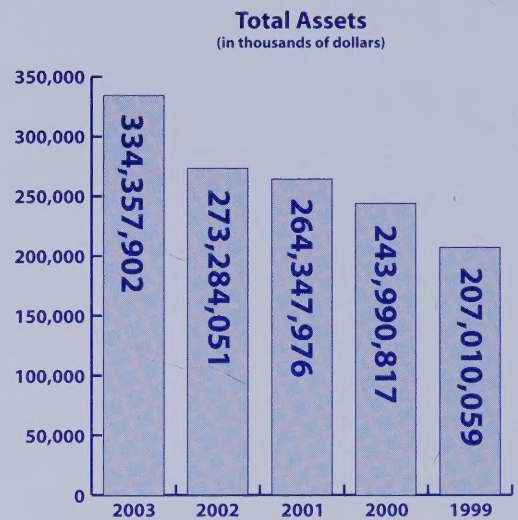
Since May 2001, the Sheraton Vancouver Wall Centre Hotel is the largest single hotel property in British Columbia with 736 guestrooms and 45,000 square feet of meeting space. Occupancy for 2002 was 58% with an ADR of $135.02. In October 2002, the Sheraton successfully opened its Starbucks franchise on Hornby Street.

Portfolio of Hotel Properties (as of January 31, 2003)

Property Name and Address	Year Built or Acquired	No. of Units	Percentage of Ownership
Sheraton Wall Centre Hotel, 1088 Burrard Street, South Tower Vancouver, B.C.	1994	428	100
Sheraton Wall Centre Hotel, 1088 Burrard Street, North Tower Vancouver, B.C.	2001	308	100
Vancouver Airport Comfort Inn, 3031 No. 3 Road, Richmond, B.C.	1997	129	100
		865	

PROPERTY HELD FOR AND UNDER DEVELOPMENT

- Metropolitan Towers: This 430 unit residential project was completed in November 2002. Subsequent to year-end (February 3, 2003), the project was sold to an institutional investor.
- Dockside: All units were sold as of January 31st.
- South Surrey: On January 31st, we completed the bulk sale of this 30 acre subdivision in Surrey.
- 900 Mainland Street: We purchased this 2.2 acre parcel in May 2002. In April 2003, we received a preliminary development permit for the construction of a 3 tower 570,000 s.f. residential development. We expect to receive a complete development permit by late fall, 2003 and to commence thereafter with a condominium sales program. If successful, construction will commence in early 2004.
- Muirfield Gardens: In conjunction with a joint venture partner, we are constructing this 76 unit woodframe condominium project in South Surrey. As at May 30, 2003, pre-sales are at 47% and we expect to complete construction by September 2003.
- 610 Granville Street: In January 2003, we completed on the purchase of this vacant development site in downtown Vancouver in conjunction with a 50% joint venture partner. This site is zoned for approx. 405,000 s.f. of area and a development permit is in place for 423 residential units and approx. 90,000 s.f. of retail space. We intend to finance and construct this project as a rental property.
- 900 Burrard Street: This is a mixed-use project consisting of 9 movie theatres, ground floor retail space and 456 residential units. It is being constructed by Bosa Ventures Inc. We have entered into an agreement with Bosa to purchase all of the residential units upon completion. Bosa will retain the movie theatres and retail space. We have now launched a sales program to sell the individual units to homeowners. Completion of the property is scheduled for May/June 2005.
- A vacant site in Abbotsford, one hour east of Vancouver, with approvals in place for an 84-unit condominium; construction will commence when the market conditions are favorable.
- A vacant site in Abbotsford with preliminary approvals in place for 155 residential units, rental or condominium.



INVESTMENTS

The Company portfolio of investments has been significantly reduced in recent years and we have no intention of increasing our portfolio at this time.

DIVIDENDS

The Company paid a dividend in the past fiscal year of $0.075 per share or $2,447,907 on February 22, 2002. This amount was included in the January 31, 2002 financial statements. Subsequent to year-end, the Company paid a dividend of $0.10 per share on March 14, 2003. The Company does not have a formal dividend policy.

RISK MANAGEMENT

In the normal course of its business, the Company is exposed to various risks, which may affect its performance. These risks and the Company's actions are summarized below.

In its operation of residential revenue producing properties, the Company's primary risks are reduced revenue growth in the event of increased vacancy rates, the inability to increase rental rates due to oversupply, restrictive government legislation and the failure to maintain the properties at a competitive level.

The Company minimizes these risks by insisting on a high standard of maintenance and invests only in those locations highly desired by tenants. Vacancy rates in Vancouver have remained at or below 2% while rates in the suburban markets are 3 to 4%. To keep properties competitive, management is continuing with capital improvements at those properties where the greatest benefit in terms of increased rents may be achieved.

In its hotel operations, the Company is exposed to a variety of risks such as changes in market conditions, an increase the in supply of hotel rooms, currency rate fluctuations and changes in the labour market. These risks are managed by securing long-term relationships with clients, developing and enchancing our relationships with international hotel chains and their reservation systems and ensuring that we have a strong and open relationship with our staff.

The Company manages the risk associated with development activities by only acquiring land, which is zoned for its intended use or where the required re-zoning is contemplated and encouraged by the governing authorities. Inventories of unsold units are kept at an absolute minimum and pre-sale programs are undertaken where feasible.

FINANCIAL RISK

The Company enjoys excellent relations with several major Canadian chartered banks and numerous fixed term lenders. With a solid base of income producing properties, the Company's credit facilities have been maintained and in some cases enhanced.

Over the next fiscal year, the Company's credit requirements consist of the following:

- Capital improvements to selected revenue-producing properties. Improvements will be funded from cashflow.
- Re-financing rental apartment term debt as it matures per the Schedule of Fixed Term Debt. Given the current interest rates and the stable cashflow from rental apartments, management does not anticipate any difficulty in re-financing term debt.
- Construction financing for condominium development. All projects under construction or contemplated for construction within the next six months are financed at 75% to 85% of cost. It is management's policy not to proceed with new construction or land purchases if financing commitments are not in place.
- Refinancing hotel term debt as it matures. Management successfully secured term financing for the existing Sheraton Wall Centre and the 308 room addition.

OUTLOOK FOR OPERATING CONDITIONS

The rental apartment market remains stable with forecast increases in revenue and values of approximately 2.0% in both urban and suburban areas. With current low interest rates and sound management, these properties will continue to produce cash flow, which may be used for investment and development opportunities.

The hotel industry and tourism in general has suffered significant setbacks with the war in Iraq and the SARS outbreak negatively impacting room revenue. As of this report, our hotel operations remain slightly ahead of the previous year although behind budget. We anticipate that with the resolution of the war and the containment of SARS in Canada, we should be able to recover in time for the summer tourist season.

We anticipate that the residential condominium market in greater Vancouver will continue to perform well. Our sales at the 456 unit "Electric Avenue" project (900 Burrard Street) are well ahead of schedule. If current strong trends continue, we expect to launch out Yaletown project (900 Mainland) in late fall 2003 or early 2004.

Management's responsibility

The consolidated financial statements of Wall Financial Corporation have been prepared by management and have been approved by the Board of Directors. The consolidated financial statements have been prepared in conformity with Canadian generally accepted accounting principles, and, where appropriate, include amounts that are based on management's best estimates and judgements. Financial information used elsewhere in the annual report is consistent with that in the consolidated financial statements. The Company maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are properly safeguarded and that financial records are reliable and form a proper basis for preparation of financial statements.

The Company's independent auditors, KPMG LLP, have been appointed by the shareholders to express their professional opinion on the fairness of the consolidated financial statements. Their report follows.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Board of Directors. The Committee meets with the external auditors, with and without management present, to discuss the results of the audit, the adequacy of internal accounting controls and financial reporting matters.

Bruno Wall	Peter Wall
President	Chair of Board

April 11, 2003

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Wall Financial Corporation as at January 31, 2003 and 2002 and the consolidated statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

KPMG LLP

Chartered Accountants

Vancouver, Canada
April 11, 2003

Consolidated Balance Sheets

January 31, 2003 and 2002

	2003	2002
Assets		
Properties (note 3):		
Revenue-producing properties:		
Rental	$ 44,082,440	$ 49,752,870
Hotel	136,681,620	139,481,104
	180,764,060	189,233,974
Held for and under development	136,820,354	70,508,725
	317,584,414	259,742,699
Investments (note 4)	696,703	782,810
Amounts receivable (note 13(d))	11,339,058	5,888,891
Taxes recoverable	-	2,027,736
Other assets (note 5)	3,073,139	2,289,641
Cash and cash equivalents	1,664,588	2,552,274
	$ 334,357,902	$ 273,284,051
Liabilities and Shareholders' Equity		
Debt on properties (note 6):		
Bank indebtedness	$ 131,100,411	$ 63,297,597
Mortgages on revenue-producing properties	130,943,143	140,665,102
	262,043,554	203,962,699
Accounts payable and accrued liabilities	4,406,770	5,768,079
Taxes payable	1,385,473	-
Dividends payable (note 8(c))	-	2,447,907
Future income taxes (note 12)	16,469,294	16,557,666
Non-controlling interest held by officers (note 7)	4,288,562	1,543,368
	288,593,653	230,279,719
Shareholders' equity:		
Share capital (note 8)	3,112,447	3,118,454
Retained earnings	42,651,802	39,885,878
	45,764,249	43,004,332
	$ 334,357,902	$ 273,284,051

Commitments and contingencies (note 11)
Subsequent event (note 8(d) and 16)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Director

Director

Consolidated Statements of Operations and Retained Earnings

Years ended January 31, 2003 and 2002

		2003		2002
Revenue	$	76,554,980	$	94,553,815
Cost of sales and operating expenses		54,193,051		73,855,413
		22,361,929		20,698,402
Other income (losses):				
Investment income		166,139		365,002
Gain on sale of revenue-producing properties		666,928		173,675
Gain (loss) on foreign currency translation		(61,563)		87,344
		23,133,433		21,324,423
Expenses:				
General and administration		2,443,749		2,992,717
Interest (note 6(d))		10,308,701		9,292,770
Depreciation and amortization		4,138,184		3,387,153
Capital taxes		341,078		342,779
		17,231,712		16,015,419
Earnings from operations before income taxes and non-controlling interest		5,901,721		5,309,004
Income taxes (recovery) (note 12):				
Current		2,504,488		1,227,865
Future		(88,372)		1,068,409
		2,416,116		2,296,274
Earnings from operations before non-controlling interest		3,485,605		3,012,730
Non-controlling interest		527,116		-
Net earnings		2,958,489		3,012,730
Retained earnings, beginning of year		39,885,878		43,976,328
Adjustment for shares repurchased (note 8(a))		(192,565)		(1,346,486)
Dividends (note 8(c))		-		(5,756,694)
Retained earnings, end of year	$	42,651,802	$	39,885,878
Net earnings per share	$	0.09	$	0.09

Per share information (note 9)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended January 31, 2003 and 2002

	2003	2002
Cash provided by (used in):		
Operations:		
Net earnings	$ 2,958,489	$ 3,012,730
Items not involving cash:		
Depreciation and amortization	4,138,184	3,387,153
Future income taxes	(88,372)	1,068,409
Gain on sale of revenue-producing properties	(666,928)	(173,675)
Loss (gain) on foreign currency translation	61,563	(87,344)
Write-down of properties held for and under development	150,000	150,000
Equity loss	9,603	2,249
Non-controlling interest	527,116	-
Funds from operations	7,089,655	7,359,522
Increase (decrease) in accounts payable and accrued liabilities for properties under development	(530,390)	(1,089,675)
Changes in non-cash operating working capital (note 10)	(2,711,490)	3,602,332
Recovery of costs through real estate sales	26,043,013	44,278,899
Additions to properties held for and under development	(92,505,806)	(38,333,504)
	(62,615,018)	15,817,574
Investments:		
Additions to revenue-producing properties	(832,240)	(21,630,032)
Investments	14,105	159,106
Proceeds on sale of revenue-producing properties	5,807,785	-
Additions to furniture, fixtures and equipment and other assets	(914,772)	(68,160)
	4,074,878	(21,539,086)
Financing:		
Proceeds from mortgages on revenue-producing properties	979,445	22,282,147
Repayment of mortgages on revenue-producing properties	(10,701,404)	(14,603,481)
Increase in bank indebtedness	67,802,814	1,435,849
Shares repurchased	(198,572)	(1,389,375)
Contributions by non-controlling interest	3,758,142	817,525
Payments to non-controlling interest	(1,540,064)	-
Dividends paid	(2,447,907)	(3,308,787)
Payments received on share purchase plan	-	318,150
	57,652,454	5,552,028
Decrease in cash and cash equivalents	(887,686)	(169,484)
Cash and cash equivalents, beginning of year	2,552,274	2,721,758
Cash and cash equivalents, end of year	$ 1,664,588	$ 2,552,274

Supplementary information (note 10)

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended January 31, 2003 and 2002

1. Operations:

The Company is incorporated under the Company Act of British Columbia. Its principal business activities include hotel operations, real estate development, and real estate investments.

2. Significant accounting policies:

(a) General:

The Company's accounting policies and its standards of financial disclosure are in accordance with the recommendations of the Canadian Institute of Chartered Accountants and are substantially in accordance with the recommendations of the Canadian Institute of Public and Private Real Estate Companies.

(b) Consolidation:

The consolidated financial statements include:

(i) the accounts of the Company and its subsidiaries; an

(ii) the accounts of its joint ventures, to the extent of the Company's interest in their respective assets, liabilities, revenues and expenses.

All significant intercompany transactions and balances have been eliminated.

(c) Properties:

(i) Revenue-producing properties:

Revenue-producing properties are stated at the lower of cost less depreciation, and net recoverable amount. Depreciation is provided over the estimated useful lives of each asset category at the following annual rates:

Asset	Basis	Rate
Rental buildings	5% sinking fund	30 or 35 years
Hotel buildings	5% sinking fund	40 years

(ii) Held for and under development:

The Company capitalizes acquisition and direct development costs for property held for and under development and for revenue-producing properties. In addition, the following are capitalized:

- Direct carrying costs, such as interest and property taxes, as well as incidental revenues and expenditures, to property held for resale or development.
- A portion of the interest on general and specific borrowings to properties held for and under development until the development is complete; and
- Operating results of rental buildings until 80% occupancy is obtained; or
- Operating results of hotel buildings until a satisfactory level of occupancy is obtained or the expiration of a reasonable period of time following substantial completion.

Where the estimated net realizable value of a property held for and under development does not exceed its book value, the property is recorded at the net realizable value and interest and carrying costs are charged to current operations.

2. Significant accounting policies (continued):

(d) Investments:

Investments in which the Company is able to exercise significant influence are accounted for by the equity method and, accordingly, include the Company's share of undistributed earnings net of losses since acquisition. Portfolio investments are recorded at cost and dividends are included in earnings. Marketable securities are recorded at the lower of cost and market.

(e) Furniture, fixtures and equipment:

Furniture, fixtures and equipment are recorded at cost and depreciated using the declining balance method at rates ranging from 15% to 50%, except for leasehold improvements, which are amortized using the straight-line method over 5 to 10 years.

(f) Inventory:

Inventory, which consists of food, beverage and supplies, are valued at the lower of cost and replacement cost.

(g) Revenue recognition:

Revenue from the sale of properties under development is recognized when all material conditions of the sale have been fulfilled, title to the completed unit is conveyed to the purchaser and the purchaser becomes entitled to occupancy.

(h) Foreign currency translation:

All of the Company's foreign activities are fully integrated and are translated using the temporal method. Monetary assets and liabilities are translated at the year-end exchange rate, non-monetary items are translated at historical rates and revenues and expenses are translated at the average rate for the year. Gains or losses from exchange transactions are included in the statement of operations or are capitalized during the construction period in the case of foreign currency denominated debt used to finance construction.

(i) Deferred financing costs:

Fees and costs relating to the negotiation of borrowings are deferred and amortized on a straight-line basis over the term of the related debt.

(j) Income taxes:

The Company follows the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment, or substantive enactment, date.

2. Significant accounting policies (continued):

(k) Use of estimates:

Financial statements prepared in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions which can affect the reported balances. In determining estimates of net recoverable amounts and net realizable values for properties, investments, amounts receivable and other assets, the Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. Assumptions underlying asset valuations are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events.

By nature, asset valuations are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated net recoverable amounts and net realizable values may change by a material amount.

(l) Statements of cash flows:

The Company uses the indirect method of reporting cash flows, under which the net cash flow from operating activities is reported by adjusting net earnings for the effects of non-cash items and net changes in non-cash working capital balances.

(m) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, cash held at banks, bank overdrafts and term deposits maturing within ninety days from the date of acquisition.

(n) Earnings per share:

Basic earnings per share is computed by dividing net earnings by the weighted average shares outstanding during the year. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

At January 31, 2003 and 2002, the Company had no options outstanding. As there are no potentially dilutive common shares outstanding, there is no effect on the computation of earnings per share reported by the Company.

(o) Comparative information:

Certain comparative figures have been reclassified to conform with the current year's presentation.

Notes to Consolidated Financial Statements

Years ended January 31, 2003 and 2002

3. Properties:

	2003	2002
Revenue-producing:		
Rental:		
Land and building less accumulated depreciation of $11,008,966 (2002 - $10,436,734)	$ 44,082,440	$ 49,752,870
Hotel:		
Land and building less accumulated depreciation of $5,352,719 (2002 - $4,341,562)	125,697,705	126,499,440
Furniture, fixtures and equipment less accumulated depreciation of $13,115,839 (2002 - $10,455,866)	10,983,915	12,981,664
	180,764,060	189,233,974
Held for and under development:		
Land held for development	3,126,744	6,896,624
Housing inventory for resale	8,778,495	16,623,510
Properties under development	124,915,115	46,988,591
	136,820,354	70,508,725
	$ 317,584,414	$ 259,742,699

During the year, the following costs were capitalized to properties held for and under development.

	2003	2002
Property taxes	$ 229,629	$ 330,620
Interest	3,600,845	6,151,477

4. Investments:

	2003	2002
Marketable securities	$ -	$ 11,039
Portfolio investments	646,637	674,602
Investments accounted for by the equity method	50,066	97,169
	$ 696,703	$ 782,810

5. Other assets:

		2003		2002
Deposits and prepaids	$	1,865,699	$	1,065,353
Deferred financing costs		749,587		641,681
Inventory		385,756		428,343
Furniture, fixtures and equipment, less accumulated depreciation of $514,971 (2002 - $943,308)		72,097		154,264
	$	3,073,139	$	2,289,641

6. Debt on properties:

	Weighted average interest rate		2003		2002
Bank indebtedness:					
Held for and under development	(a) 5.75%	$	87,760,246	$	31,697,916
General corporate debt	(b) 4.68%		43,340,165		31,599,681
			131,100,411		63,297,597
Mortgages on revenue-producing properties	(c) 6.51%		130,943,143		140,665,102
		$	262,043,554	$	203,962,699

(a) Bank indebtedness on properties held for and under development:

At January 31, 2003, the Company has borrowed $87,760,246 (2002 - $31,697,916) on available construction financing facilities in the form of Canadian dollar prime rate loans, letters of credit, and banker's acceptances. The maximum available funding under such facilities is $104,287,990 (2002 - $59,847,000). Of the amount borrowed at January 31, 2003, $10,000,000 bears interest at fixed rates 9% per annum and the balance bears interest at prime plus 0.40% to 2.00% per annum. The credit facilities are secured by first mortgages and assignment of rents on the related properties.

(b) General corporate debt:

At January 31, 2003, the Company's borrowings of $43,340,165 (2002 - $31,599,681) are made available by way of lines of credit with a maximum available aggregate amount of $53,434,953 (2002 - $48,693,516). The debt is secured by fixed and floating demand debentures, second mortgages and an assignment of rents on certain revenue-producing properties.

6. Debt on properties (continued):

(c) Mortgages on revenue-producing properties:

Mortgages on revenue-producing properties of $73,929,532 bear interest at floating rates ranging from prime plus 0.25% per annum to banker's acceptance rates plus applicable stamping fees and the balance bears interest at fixed rates.

Principal instalments payable within the next five fiscal years and thereafter are as follows:

2004	$	83,093,078
2005		1,134,643
2006		9,225,721
2007		4,666,827
2008		1,317,702
Thereafter		31,505,172
	$	130,943,143

During 1999, the Company entered into a swap agreement to fix the interest rate on $27,500,000 of outstanding mortgages to 6.74% per annum. This agreement expires in fiscal 2004. The fair value of this agreement at January 31, 2003 was an asset of approximately $417,000.

(d) Interest expense:

		2003		2002
Interest on:				
Bank indebtedness	$	3,559,039	$	10,033,575
Mortgages on revenue-producing properties		10,350,507		5,410,672
		13,909,546		15,444,247
Interest capitalized		(3,600,845)		(6,151,477)
	$	10,308,701	$	9,292,770

7. Non-controlling interest held by officers:

The Company has entered into co-owners' agreements with Wall Equity Corporation ("Wall Equity"), a company owned by two officers of the Company, with respect to certain properties under development. Wall Equity has provided up to 25% of the equity to finance such properties and owns an equal percentage interest therein.

8. Share capital:

Authorized:

54,000,000 common shares without par value

Issued and outstanding:

	2003		2002	
	Shares	Amount	Shares	Amount
Outstanding, beginning of year	32,638,765	$ 3,118,454	33,087,865	$ 3,161,343
Shares acquired during the year through normal course issuer bids	(62,900)	(6,007)	(449,100)	(42,889)
	32,575,865	3,112,447	32,638,765	3,118,454

(a) On August 29, 2002, the Company received regulatory approval to make a new normal course issuer bid which authorizes the Company to purchase up to 1,631,849 of its issued and outstanding common shares. This new normal course issuer bid commenced on September 9, 2002 and will end on September 8, 2003. Between September 9, 2002 and January 31, 2003, 60,300 shares were repurchased under the issuer bid at an average price of $3.17 per share. All shares purchased by the Company were cancelled. An amount of $184,913, representing the excess of the consideration paid over the carrying value of the shares acquired has been charged to retained earnings.

(b) In July 2001, the Company obtained regulatory approval to make a normal course issuer bid which allowed the Company to purchase up to 1,645,848 of its issued and outstanding common shares. This normal course issuer bid commenced on July 25, 2001 and ended on July 24, 2002. Between August 1, 2001 and January 31, 2002, 278,200 shares were repurchased under this issuer bid at an average price of $3.20 per share. All shares purchased by the Company were cancelled. An amount of $872,209, representing the excess of the consideration paid over the carrying value of the shares acquired, has been charged to retained earnings in 2002. Between February 1, 2002 and July 31, 2002, 2,600 shares were repurchased under the issuer bid at an average price of $3.00 per share. All shares purchased by the Company were cancelled. An amount of $7,652 representing the excess of consideration paid over the carrying value of the shares acquired has been charged to retained earnings in 2003.

(c) On March 19, 2001, the Board of Directors approved a dividend of $0.10 per common share for each common share held on April 2, 2001. On April 20, 2001, a dividend of $3,308,787 was paid. On January 17, 2002, the Board of Directors approved a dividend of $0.075 per common share for each common share held on February 6, 2002. On February 22, 2002, a dividend of $2,447,907 was paid. This amount was included in the January 31, 2002 financial statements.

(d) On February 5, 2003, the Board of Directors approved a dividend of $0.10 per common share for each common share held on February 24, 2003. This dividend was paid on March 14, 2003.

9. Per share information:

	2003	2002
Weighted average number of common shares outstanding	32,618,838	32,726,240
Basic and diluted per share amounts:		
Net earnings per share	$ 0.09	$ 0.09
Funds from operations	$ 0.22	$ 0.22

10. Supplementary information:

Supplementary disclosures related to the statements of cash flows consist of the following:

		2003		2002
Amounts receivable	$	(5,450,167)	$	(1,785,463)
Taxes recoverable/payable		3,415,209		4,821,537
Accounts payable and accrued liabilities		(676,532)		566,258
	$	(2,711,490)	$	3,602,332

Supplementary information:				
Interest paid	$	13,968,477	$	10,193,495
Taxes recovered		(480,245)		(3,331,404)
Non-cash transactions:				
Dividends payable		-		2,447,907

11. Commitments and contingencies:

(a) The Company has entered into hotel franchise agreements in respect of its two hotel properties. Fees paid are calculated based on monthly gross hotel revenues and paid monthly.

(b) At January 31, 2003, the estimated costs to complete properties currently under development is $7,800,000.

(c) The Company has entered into a purchase agreement in respect to a residential project currently being developed. The purchase price is approximately $81,300,000 and the project is expected to be completed in the summer of 2005.

11. Commitments and contingencies (continued):

(d) The Company rents property under long-term operating leases. The aggregate annual rent payable on these leases is as follows:

Years ending January 31:		
2004	$	906,807
2005		515,627
2006		260,000
2007		260,000
2008		260,000
Thereafter		1,730,000
	$	3,932,434

(d) Letters of credit:
The Company has outstanding letters of credit at January 31, 2002 of $1,548,842.

12. Income taxes:

(a) Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory income tax rates of 37.5% (2002 - 39.6%) to earnings before income taxes and non-controlling interest. The reason for the difference is as follows:

		2003		2002
Computed tax expense	$	2,213,145	$	2,102,366
Increase (decrease) resulting from:				
Large corporations tax		704,446		545,538
Rate change		(345,855)		(349,993)
Non-deductible expenses and non-taxable income		(90,353)		234,962
Taxable gain not recognized for accounting purposes		383,906		-
Change in valuation allowance		(578,000)		-
Non-controlling interest		(197,669)		-
Other		326,496		279,838
Non-capital loss carryback		-		(590,242)
Losses not recognized		-		73,805
	$	2,416,116	$	2,296,274

12. Income taxes (continued):

(b) The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at January 31, 2003 are presented below:

	2003	2002
Future tax assets:		
Capital loss carry forwards	$ 407,000	$ 578,000
Non-capital loss carry forwards	164,000	-
Working capital	-	111,000
Total gross future tax assets	571,000	689,000
Valuation allowance	-	(578,000)
Net future tax assets	571,000	111,000
Future tax liabilities:		
Properties	16,997,294	16,668,666
Working capital	43,000	-
Total gross future tax liabilities	17,040,294	16,668,666
Net future tax liabilities	$ 16,469,294	$ 16,557,666

13. Related party transactions:

(a) In fiscal 1998, the Company sold 31 stratified units in one of its rental properties to certain directors, companies controlled by directors and an immediate family member of a significant shareholder on similar terms as sales to unrelated parties. The Company received net proceeds of approximately $5,800,000. The Company leased back 29 of the 31 stratified units. Total lease payments during fiscal 2003 were $73,333 (2002 - $328,839). All lease obligations for these units terminated as of July 31, 2002.

(b) During fiscal 2003, management fees and other services totalling $133,936 (2002 - $176,361) were charged to companies controlled by directors.

(c) In fiscal 2002, the Company sold a unit in a property to a director on similar terms as sales to unrelated parties. The Company received net proceeds of approximately $607,000. In addition, the Company provided the director with a mortgage of $100,000. Principal and interest were repaid, in full, March 5, 2002. In fiscal 2003, the Company sold two units in two properties to directors on similar terms as sales to unrelated parties. The Company received net proceeds aggregating approximately $611,000.

(d) In fiscal 2002, the Company provided a shareholder an interest-bearing loan in the amount of $1,600,000. At January 31, 2002, the principal amount of the loan outstanding was $1,300,000. In fiscal 2003, the Company granted a further $345,000 to this shareholder. Interest on all loans is payable at maturity. At January 31, 2003, the principal amount of the loans outstanding is $1,430,644.

(e) In fiscal 2003, the Company and this shareholder entered into an agreement to develop a 76 unit condominium project, whereby a Company affiliated with this shareholder is to be paid a management fee of $18,500 per month over the term of the development.

14. Financial instruments:

(a) The carrying values of the Company's amounts receivable, accounts payable and accrued liabilities and taxes payable, approximate their fair values due to the short-term nature of these financial assets and liabilities. The Company's market position relating to the interest rate swap contract is disclosed in note 6(c). Debt on properties is of a long-term nature and, as such, is impacted by changes in market yields which can result in differences between its carrying value and market value. Management estimates that these differences are not material to the financial statements.

(b) Interest rate risks:
The Company has entered into an interest rate swap contract as disclosed in note 6(c) which is subject to changes in interest rates. In addition, the Company has debt outstanding on properties which bears interest at floating rates as disclosed in note 6. Fluctuations in the prevailing interest rate will impact interest expense in the future.

15. Segment disclosures:

	2003	2002
Revenue:		
Revenue-producing properties:		
Rental	$ 16,850,783	$ 16,640,471
Hotel	36,518,833	33,550,308
	53,369,616	50,190,779
Sale of properties under development	23,097,916	44,278,899
Other	87,448	84,137
	$ 76,554,980	$ 94,553,815
Earnings from operations before income taxes:		
Revenue-producing properties:		
Rental	$ 4,556,178	$ 2,182,192
Hotel	762,102	3,003,201
	5,318,280	5,185,393
Sale of properties under development	1,850,568	2,309,097
Unallocated corporate general and administration	(1,651,188)	(2,114,892)
Other	(282,867)	(244,269)
Gain on sale of revenue-producing properties	666,928	173,675
	$ 5,901,721	$ 5,309,004

15. Segment disclosures (continued):

	2003	2002
Identifiable assets:		
Properties:		
Rental	$ 45,404,180	$ 50,771,664
Hotel	139,405,011	142,529,433
Properties under development and held for resale	136,820,354	70,508,725
	321,629,545	263,809,822
Other	12,915,765	9,661,637
	334,545,310	273,471,459
Elimination of intersegment balances	(187,408)	(187,408)
	$ 334,357,902	$ 273,284,051
Depreciation and amortization expense:		
Revenue-producing properties:		
Rental	$ 616,446	$ 595,402
Hotel	3,401,361	2,657,682
	4,017,807	3,253,084
Other	120,377	134,069
	$ 4,138,184	$ 3,387,153

16. Subsequent event:

In February 2003, the Company sold certain development property in downtown Vancouver for proceeds of approximately $76,396,000.

Corporate Information

Directors

Clarence Baldwin

James Kaufman

Robert H. Lee

John Redekop

Terry Sumner

Peter Ufford

Bruno Wall

Charlotte Wall

Peter Wall

Officers

PETER WALL
Chair of Board

BRUNO WALL
President

DARCEE WISE
Secretary

JOHN REDEKOP
Vice-President

JAMES KAUFMAN
Vice-President

Stock Exchange

Wall Financial is listed on the Toronto Stock Exchange. Its symbol is WFC and the CUSIP number is 931902.

Total shares issued and outstanding: 32,575,865

Total number of shareholders: 224

Transfer Agent

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Property Management

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#120-7565 132nd Street
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Facsimile: (604) 597-2760

Auditors

KPMG LLP

Annual Meeting

Vancouver, BC
July 18, 2003, 10:30AM PT
Granville Room, Sheraton Wall Centre Hotel
1088 Burrard Street

WALL FINANCIAL CORPORATION

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